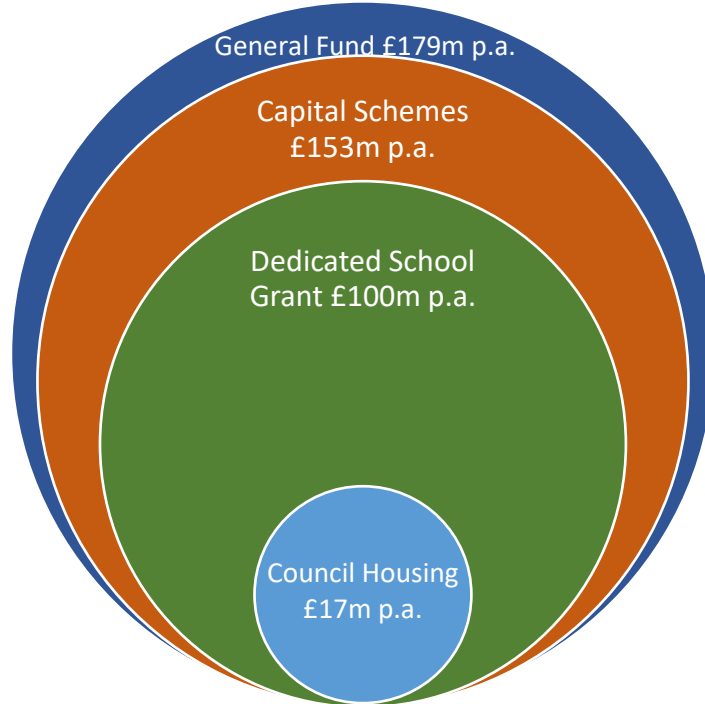


Wokingham Borough Council

BUDGET SUMMARY AND OUR FINANCIAL CHALLENGE

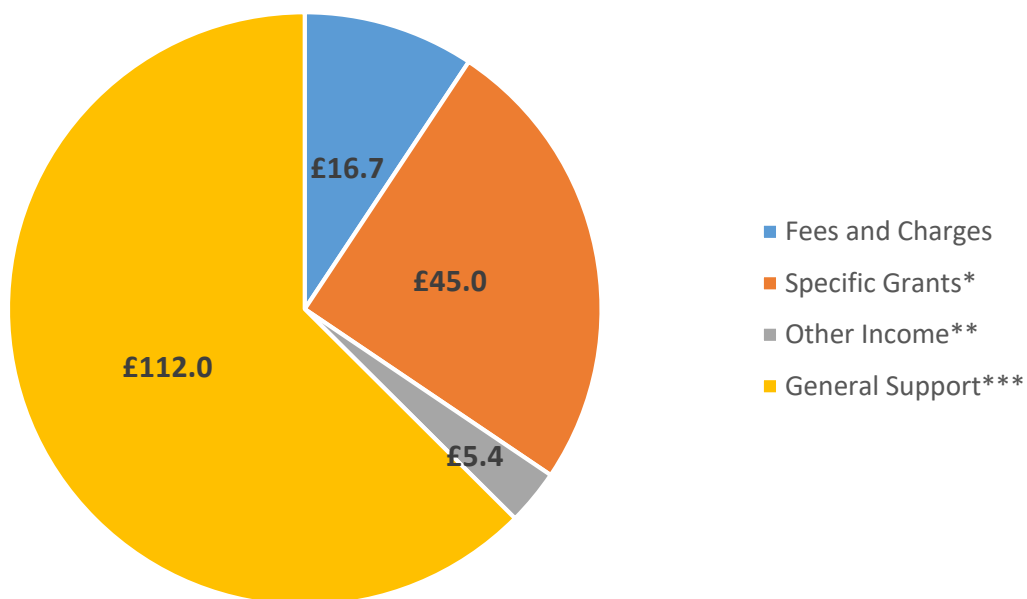
Separate Council Funds, Gross Expenditure

The borough council has four separate budgets: schools, capital projects (construction projects such as roads and school buildings), council housing, and the general fund. The first three budgets are ring-fenced, e.g. the schools budget must be spent on operating costs for schools. The general fund covers the operating costs for the council and is funded by council tax and government grants.



General Fund, Total Income £179.1m (in millions)

The general fund receives £179.1m, from the following sources.



*Includes grants for rent allowances and rebates, public health, better care fund and PFI

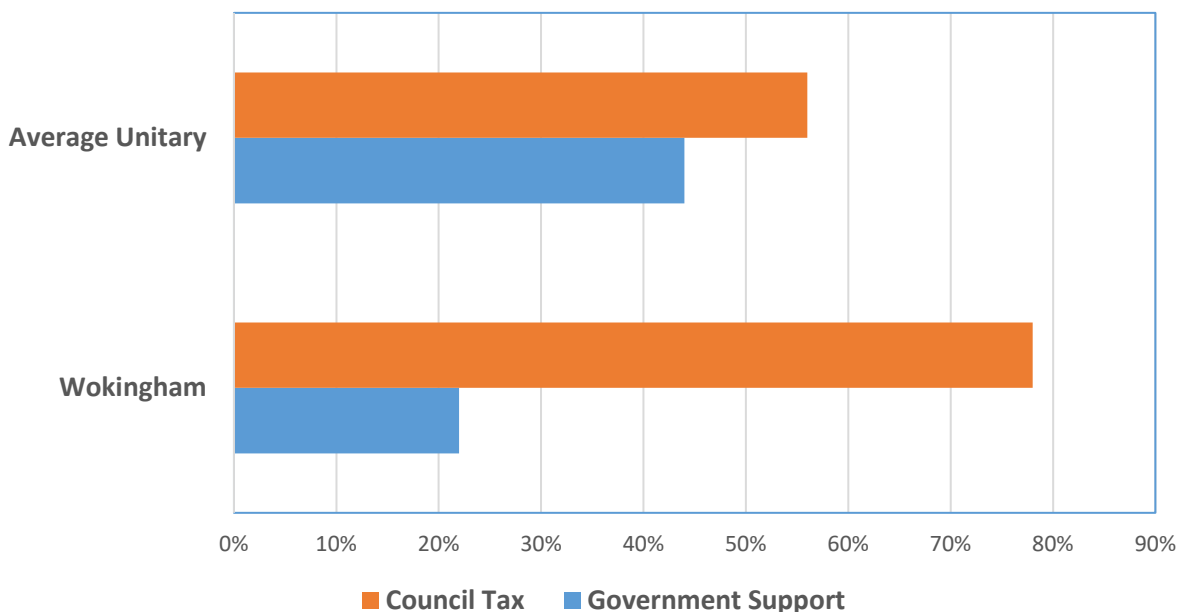
**Includes interest received, internal recharges to HRA/DSG other income targets set for 2016/17

***Includes council tax, retained business rates and revenue support grant, along with other specific grants

Comparison of Local Authority Funding

We are the lowest funded unitary authority in England, meaning we have to pay for our services more out of our residents' council tax than any other unitary authority.

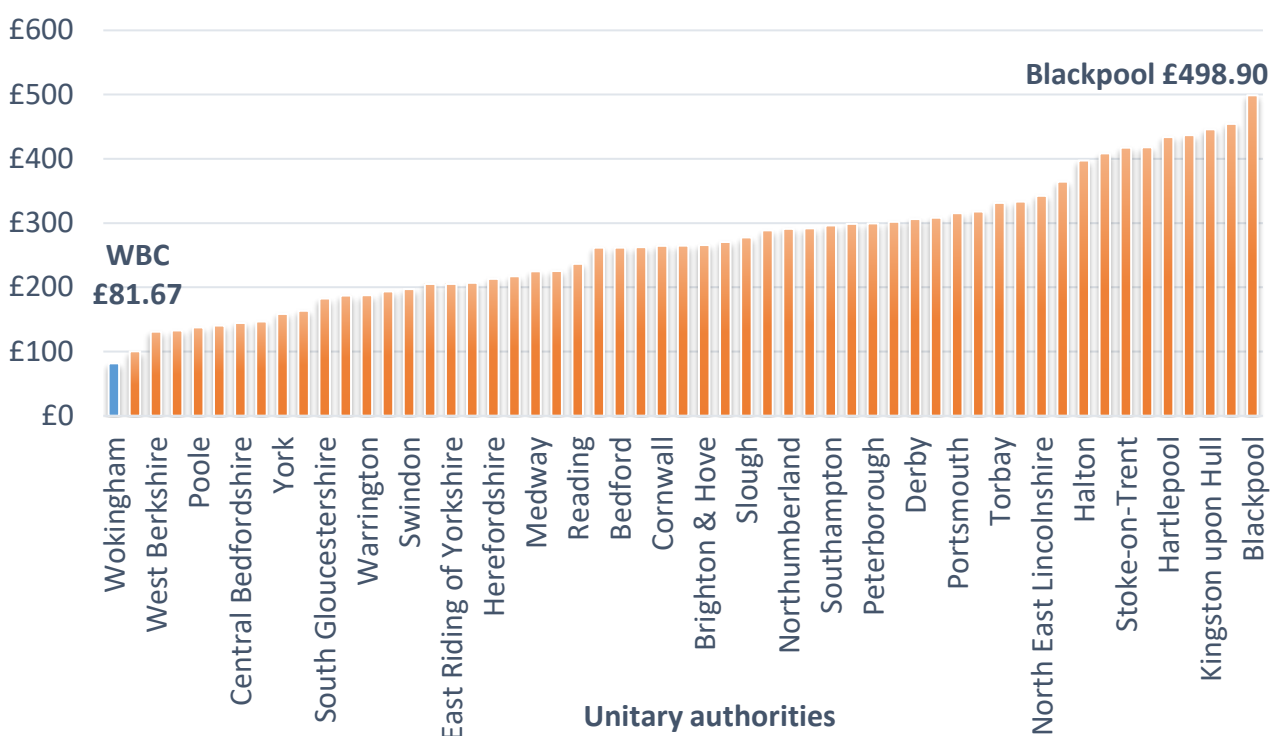
Comparison of Local Authority Funding



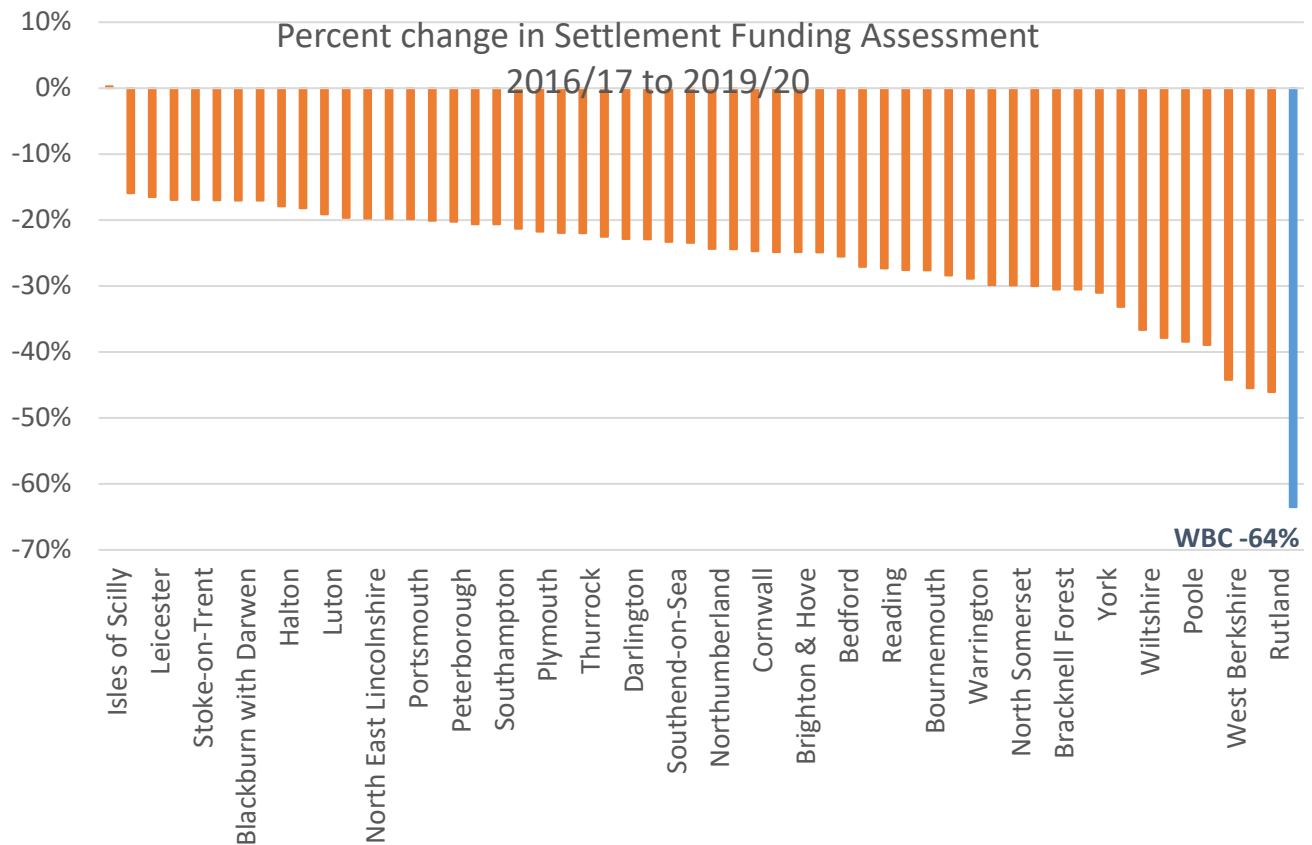
Settlement Funding Assessment per head of population

The settlement funding assessment (SFA) is the business rate income we are allowed to keep added to the general Revenue Government Support grant, which makes up a significant portion of the general fund. We received £81.67 per resident in 2017/18, the lowest of any unitary authority. Look at the chart below to see what the other unitaries get per person for their SFA.

Settlement funding per person 2017/18

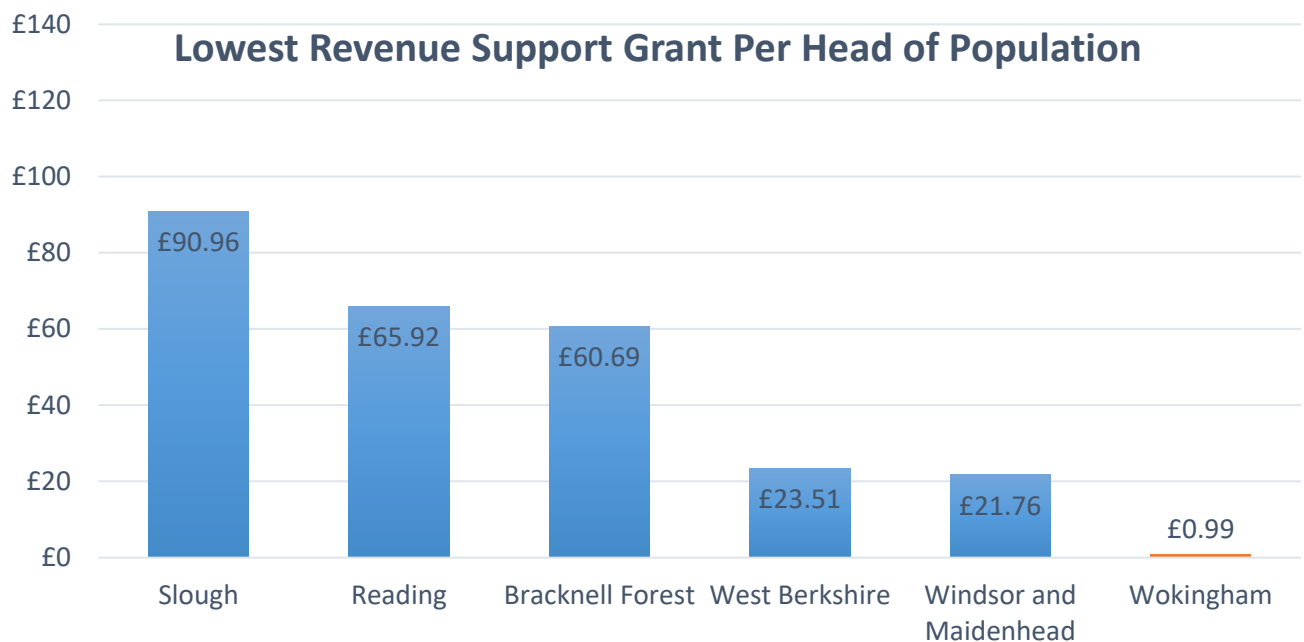


The table below shows the percent change in our settlement funding assessment from 2016/17 to 2019/20. Our SFA has decreased 64%, which is the biggest decrease of the unitary authorities.

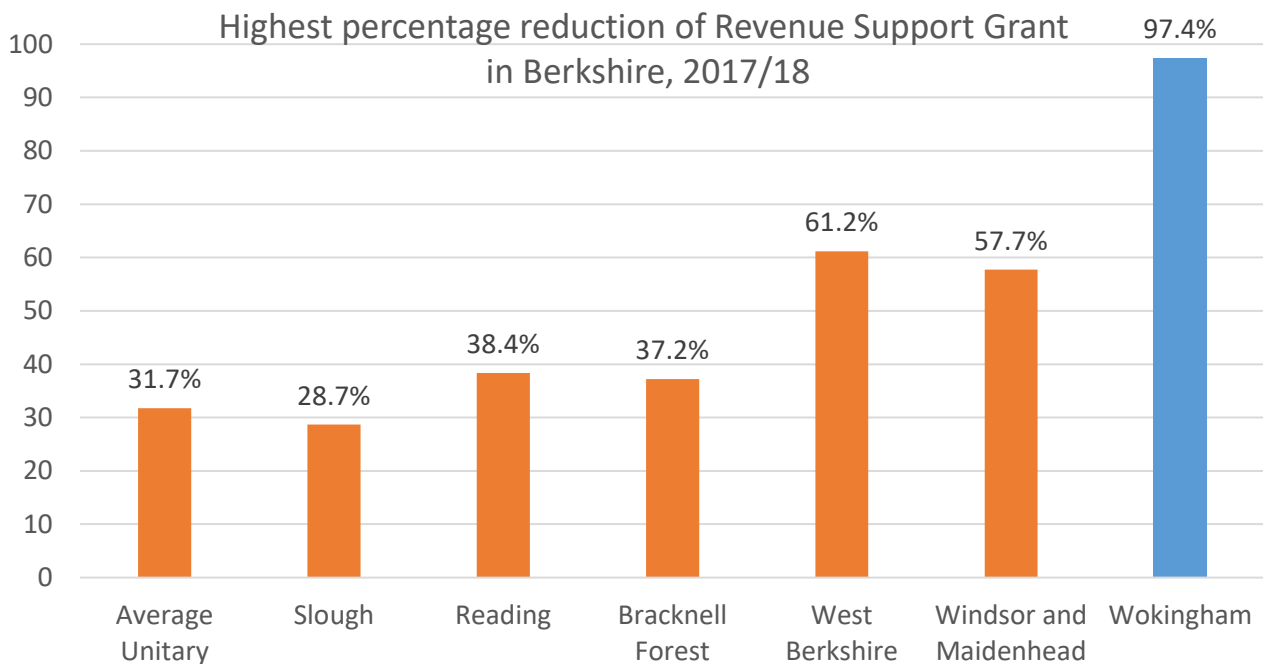


Revenue Support Grant Reduction

The SFA in the previous charts is comprised of the Revenue Support Grant (RSG) and the portion of business rates we are allowed to keep. We received £6.1million in 2016/17 for our RSG. This was reduced to £160,000 in 2017/18 and will be cut completely in 2018/19. In 2019/20, due to a special increase to the business rates tariff payments which we must pay, we will have a negative grant of £7.1million, meaning we will be subsidising other local authorities.

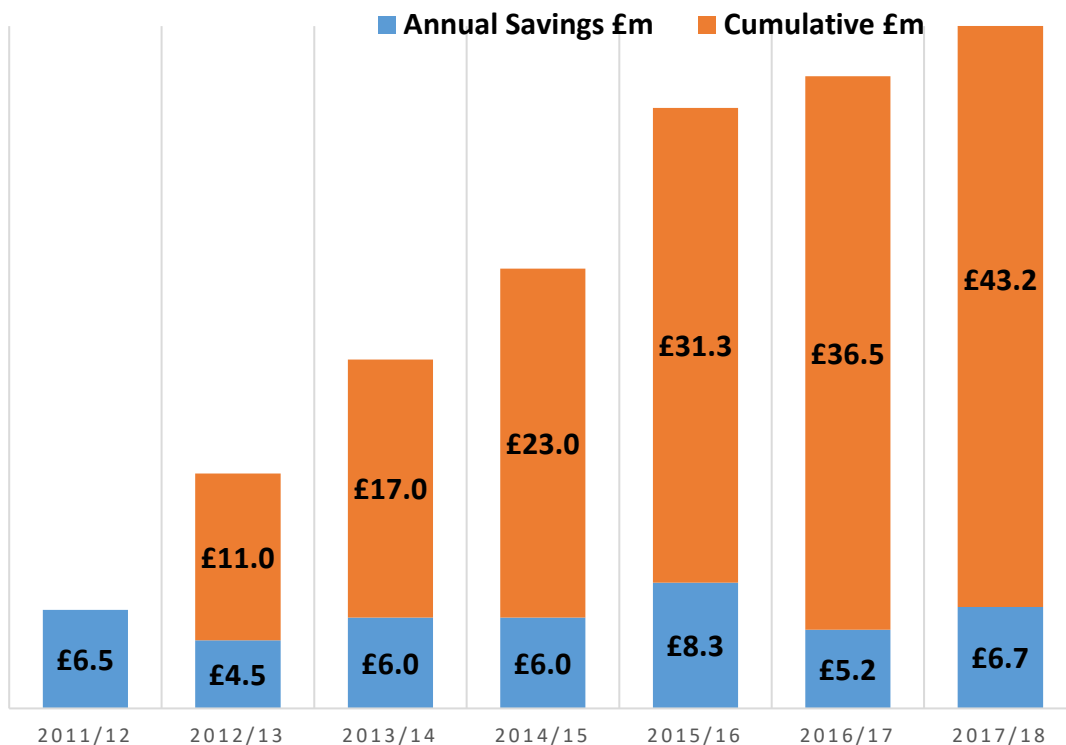


This chart shows a reduction of 97.4% of our Revenue Support Grant in 2017/18. We now receive only £160,000 RSG funding for the entire year, which is less than £500 per day to support local services across the whole borough.



Savings and Efficiencies

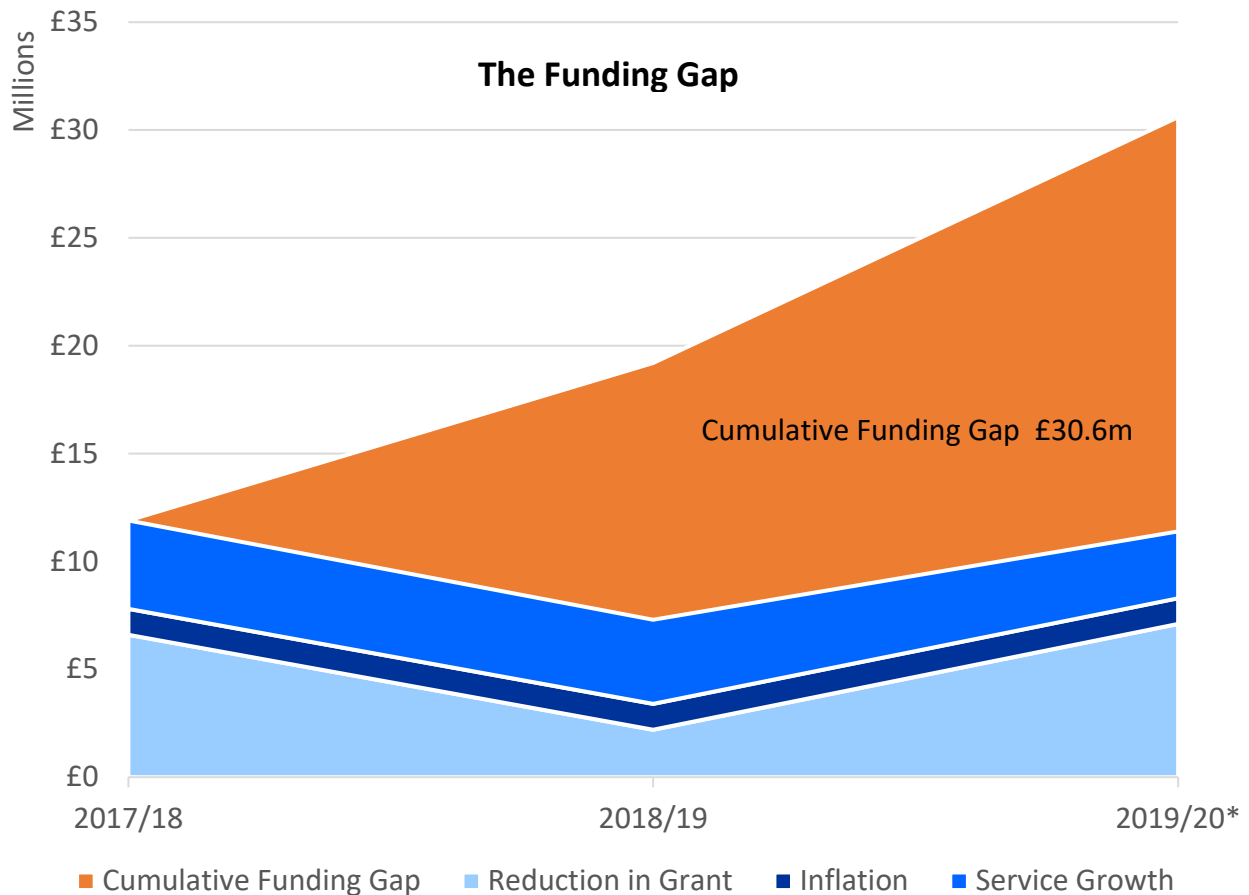
By the end of 2017/18, we will have saved £43.2m from our annual budget from savings and efficiencies.



*£43.2m equals 39% of Net Budget and 24% of Gross Budget

Our Financial Challenge

One of the main sources for general (non-ringfenced) funding for most councils is the general Revenue Government Support grant. As mentioned above, for Wokingham Borough Council this grant has been reducing rapidly and will by 2019/20 have been cut completely. In addition to these cuts, we have a year-on-year increase in demand for our services and inflation adding to the funding gap. By 2019/20 we will have a funding gap of over £30million.



*In 2019/20, we will most likely be required to pay £7million to subsidise other local authorities (i.e., we will potentially move to a negative £7m Revenue Government Support grant)